

COVID-19 Cost Recovery



September 15, 2020



Speaker

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Coronavirus Relief Fund (CRF) Overview

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Enacted March 27, 2020

Established the Coronavirus Relief Fund (CRF) - \$150 Billion for States, Local Governments, & Tribes to respond to, prevent, and prepare for COVID-19.

Arkansas received \$1.25 Billion

Coronavirus Relief Fund (CRF) Overview

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Arkansas CARES Act Steering Committee reserved \$150 Million for Cities, Towns & Counties

\$75 M Cities & Towns/ \$75 M Counties

Counties \$75 M will be split using a two-factor formula

State of Arkansas, Department of Finance and Administration (DFA)

- ◆ DFA executed a contract with CTEH, in partnership with Hagerty Consulting, to provide a COVID-19 cost recovery grants management system as well as supporting expertise, guidance, etc.
- ◆ CRF eligibility is broad and may overlap with other federal funding.
- ◆ Optimize funding flexibility.

- ◆ Established in 1997, CTEH is a NLR company that provides innovative solutions and systems to help communities prepare for, respond to, and recover from threats.
- ◆ The CTEH team has responded to more than 1,900 recovery projects around the globe.

Hagerty Consulting

- ◆ Established in 2001, Hagerty has supported every catastrophic disaster declaration since 9/11.
- ◆ Hagerty is led by Executive Chairman Brock Long, President Donald Trump's former FEMA Administrator (2017-2019).
- ◆ Hagerty Consulting has managed over \$30B of federal disaster grants with no material de-obligations as a direct result of Office of Inspector General (OIG) audit findings.

CTEH Contract Scope

Includes the Following Tasks:

- ◆ Provide and implement a software / database system to manage COVID-19 funding
 - Track reimbursements, payments, and documentation
- ◆ Provide support for effective and efficient use of COVID-19 funding
 - State Agencies as well as Arkansas Cities, Towns & Counties
- ◆ Aid in the establishment of compliance guidance
 - Funding sources, allowable expenditures, documentation requirements, etc.
- ◆ Provide reporting / dashboard
- ◆ Provide support for audit readiness
- ◆ Establish call center / help desk for Cities, Towns & Counties
- ◆ Review potential expenditures for eligibility and sufficient documentation

Coronavirus Relief Fund (CRF) Overview

The CARES Act requires that payments from the CRF may only be used to cover costs that:

- ◆ Are **necessary** expenditures incurred **due to** the public health emergency with respect to COVID-19;
 - ◆ Were **not accounted for** in the most recently approved budget (as of March 27, 2020) for the State or local government; and
 - ◆ Were **incurred** between March 1, 2020 and December 30, 2020.
-
- ◆ Chief Executive Officer of the county must certify that expenses meet the above criteria.

Coronavirus Relief Fund (CRF) Overview

“necessary”	CARES Act requires that counties use funds to cover ONLY those costs that are necessary expenditures due to the public health emergency.
“due to”	Costs directly related to actions taken to respond to the public health emergency, including measures intended to limit the spread of COVID-19. Costs related to revenue shortfalls do not qualify.
“not accounted for”	CRF is designed to fill an unmet need, so eligibility is limited to costs and/or activities not included in an existing budget. Costs are not considered “budgeted” if they could have been funded through a reserve account or rainy-day fund.
“incurred”	Defined as activities, goods, or services performed/delivered during eligible period – (Payment may be made after December 30, 2020. Date may be extended by Congress)

CRF Money can be used for:

- ◆ Public health and infection control measures; critical communication; purchasing PPE for essential personnel, first responders, or healthcare professionals; disinfection of public facilities; sheltering; and quarantine
- ◆ Payroll and benefits for public employees directly responding or substantially dedicated to COVID-19 response and mitigation activities
- ◆ Costs related to compliance with COVID-19 public health measures, food delivery, expanding distance learning and telework, supporting at-risk populations, expanded paid sick and paid family leave related to COVID-19 (FFCRA)
- ◆ Local cost share (25%) for FEMA Public Assistance projects

CRF Money **cannot** be used for:

- ◆ Damages covered by insurance
- ◆ Payroll or benefits for public employees **not** substantially dedicated to COVID-19 response and mitigation activities
- ◆ Expenses that will be reimbursed under any Federal program, or costs already included in the county's budget
- ◆ Reimbursement to donors for donated items or services
- ◆ Workforce bonuses other than hazard pay or overtime
- ◆ Severance pay
- ◆ Legal settlements
- ◆ Indirect costs

CRF Eligible* Activities

Some specific examples of **ELIGIBLE** CRF activities:

- ◆ Purchasing additional technology and/or equipment to expand WiFi hotspot access for public employees, students, or others to support social distancing, distance learning, or telework
- ◆ Expanding technology or modifying facilities to alter public service operations to minimize infection spread and promote social distancing
- ◆ Providing non-congregate sheltering for essential employees or at-risk populations (homeless, seniors, survivors of domestic abuse, etc.) who cannot safely practice social distancing or quarantine
- ◆ Disinfection of public areas and other facilities to mitigate the spread of COVID-19
- ◆ Public health education messaging, signage, or other communications related to social distancing and infection control

* Still must meet the criteria of necessary, unbudgeted, and incurred

Example: Expanding Broadband Access

A County invests in new technology and equipment to expand broadband access and establish community sites as internet hotspots for students who may have limited or no internet access to support distance learning. Installation and launch will be completed by September 30, 2020.

CRF Criteria	Justification
Is the cost necessary for the local government to respond to, mitigate, or prevent the spread of COVID-19?	Students may not be able to participate in distance learning without action.
Is the activity identified to cover medical expenses, public health expenses, facilitating compliance with COVID-19-related public health measures, or economic support?	Activity supports compliance with public health measure and support distance learning due to school closings for COVID-19.
Can the cost be lawfully funded by an approved budget line?	This was not budgeted/accounted for prior to COVID-19.
Will the cost be incurred between March 1 – December 30, 2020?	Yes.

Example: Modifying Office Space

A county office is retrofitting working spaces as part of the reopening plan with additional furniture and fixtures, such as higher cubicle walls or new furniture that will accommodate a socially-distant layout, to meet CDC recommendations to mitigate the spread of COVID-19 and protect county employees.

CRF Criteria	Justification
Is the cost necessary for the local government to respond to, mitigate, or prevent the spread of COVID-19?	County is implementing measures to reduce the risk of transmission in public spaces and would not update system if not due to COVID-19.
Is the activity identified to cover medical expenses, public health expenses, facilitating compliance with COVID-19-related public health measures, or economic support?	Activity supports compliance with public health measure and support distancing due to COVID-19.
Can the cost be lawfully funded by an approved budget line?	This was not budgeted/accounted for prior to COVID-19.
Will the cost be incurred between March 1 – December 30, 2020?	Yes.

Example: Improving Air Quality

A County is contracting with a vendor to replace an existing air filtration system in a public building with an improved air handling system designed to improve ventilation and airflow and reduce spread of contaminants like airborne particles.

CRF Criteria	Justification
Is the cost necessary for the local government to respond to, mitigate, or prevent the spread of COVID-19?	County is implementing measures to reduce the risk of transmission in public spaces and would not update system if not due to COVID-19.
Is the activity identified to cover medical expenses, public health expenses, facilitating compliance with COVID-19-related public health measures, or economic support?	Activity supports compliance with public health measure recommendations from EDA on indoor air flow and filtration.
Can the cost be lawfully funded by an approved budget line?	No, this was not budgeted prior to COVID-19.
Will the cost be incurred between March 1 – December 30, 2020?	Maybe – the County would need to clarify the timeline to purchase and install.

Cost Recovery Action #1: Coding Costs

Utilize Existing Financial / Accounting Systems and Processes to Identify and Track Costs Incurred and Funding Received

Create COVID-specific “COVID Code” (C-Code) in your system(s)

- ◆ Develop and utilize cost codes in your system to track COVID-19 related spending, including:
 - Labor
 - Contracts
 - Materials & Supply Purchases
 - Equipment Purchases or Rentals
 - COVID Testing
 - Personal Protective Equipment (PPE)

Cost Recovery Action #2: Documentation

Documentation is critical for disaster recovery.

- When in doubt, document all costs related to COVID-19 response and recovery.
- Ensure contractors and vendors are providing sufficient detail to describe activities performed or services provided.
- ◆ Documentation checklists will be provided by the DFA/CTEH/Hagerty Team
- ◆ **All documentation for costs incurred will be required for reimbursement, and eventually be uploaded and stored in the DFA Grants Management System.**
- ◆ **Be sure to document why expenses are necessary.**
- ◆ **DOCUMENT, DOCUMENT, DOCUMENT**

Counties CARES Act Project Approval Process

♦ DFA Grants Management System

- ♦ Counties complete application process through an on-line template within the DFA Grants Management System (DGMS).
- ♦ Properly categorize the project into one of the first 10 of the 18 reporting categories for federal reporting that pertain to county level expenditures. The remaining 7 categories are for State level spending. If it falls into the other category, additional review will be necessary.

- Administrative Expenses
- Food Programs
- Public Health Expenses
- Facilitating Distance Learning
- Improve Telework Capabilities of Public Employees
- Payroll for Public Health and Safety Employees
- Personal Protective Equipment
- Budgeted Personnel and Services Diverted to a Substantially Different Use
- Economic Support (Other than Small Business, Housing and Food Assistance)
- Housing Support
- Expenses Associated with the Issuance of Tax Anticipation Notes
- COVID-19 Testing and Contact Tracing
- Unemployment Benefits
- Workers' Compensation
- Small Business Assistance
- Nursing Home Assistance
- Medical Expenses
- Other – not listed above

County CARES Act Project Approval Process

- ◆ Certify that the requested amount for the project doesn't exceed the allocation provided to the county.
- ◆ The county will submit the completed application through the web portal.
- ◆ Application will be reviewed and properly categorized by DFA/CTEH.

Approved Application falls within allowable CARES Funding requirement - notification to county to proceed

Denied Application falls outside of allowable CARES Funding requirement – notification to county providing support for denying application

Revision/Resubmission Application, as written, does not provide adequate justification to meet the CARES Funding requirement – Feedback will be provided. DFA/CTEH will continue to work with county to complete if possible.

County CARES Act Project Approval Process

- ◆ DFA/CTEH will create the approved project within the DGMS.
- ◆ DFA will provide reporting to the **Arkansas CARES Act Steering Committee** prior to committee meetings. (Several different reports)
- ◆ Counties will submit reimbursement requests to DFA/CTEH for processing.
- ◆ DFA/CTEH will review reimbursement request and, upon approval, DFA will issue payment to county.

TIMELINE

- ◆ **DFA/CTEH Call Center Hours M – F 7 AM – 5 PM**
- ◆ **Arkansas Leg. Council Friday, Sept. 18**
- ◆ **Grant Portal Live TBD Week of Sept. 21**
- ◆ **Last Day to Load Expenses Saturday, Nov. 16**
- ◆ **Counties can claim expenses until Dec. 15**
 - **But must be loaded by Nov. 16**

Disaster Financial Management System Overview

Utilizing the QuickBase platform, CTEH / Hagerty is developing a system to support Arkansas statewide COVID-19 grant reporting and monitoring. The online application will provide:

- ◆ Capturing and organizing data directly from the State's accounting system, providing real time reporting and tracking of recovery expenditures and revenue;
- ◆ Detailed cost tracking and assignment, ensuring all eligible costs are aligned to their appropriate grant and/or funding stream to reduce risk of duplication of benefits and maximize potential reimbursement;
- ◆ Centralized project management and status tracking, providing internal and external status updates on recovery progress, tracking critical regulatory or project deadlines;
- ◆ Standard or customizable reports on recovery projects, financial data, or other reporting needs.

Home Page and Grantor Summary

High level summary of all Federal funding awarded for COVID-19 related expenses.

- ◆ Summary by CFDA Number for reconciliation back to CAFR spending
- ◆ Tracking of: Award, Projects Developed, Expenditures, and Fund Transfers

Navigation

File Upload

COVID Dashboard

COVID-19 Financial Management System



Interim Report

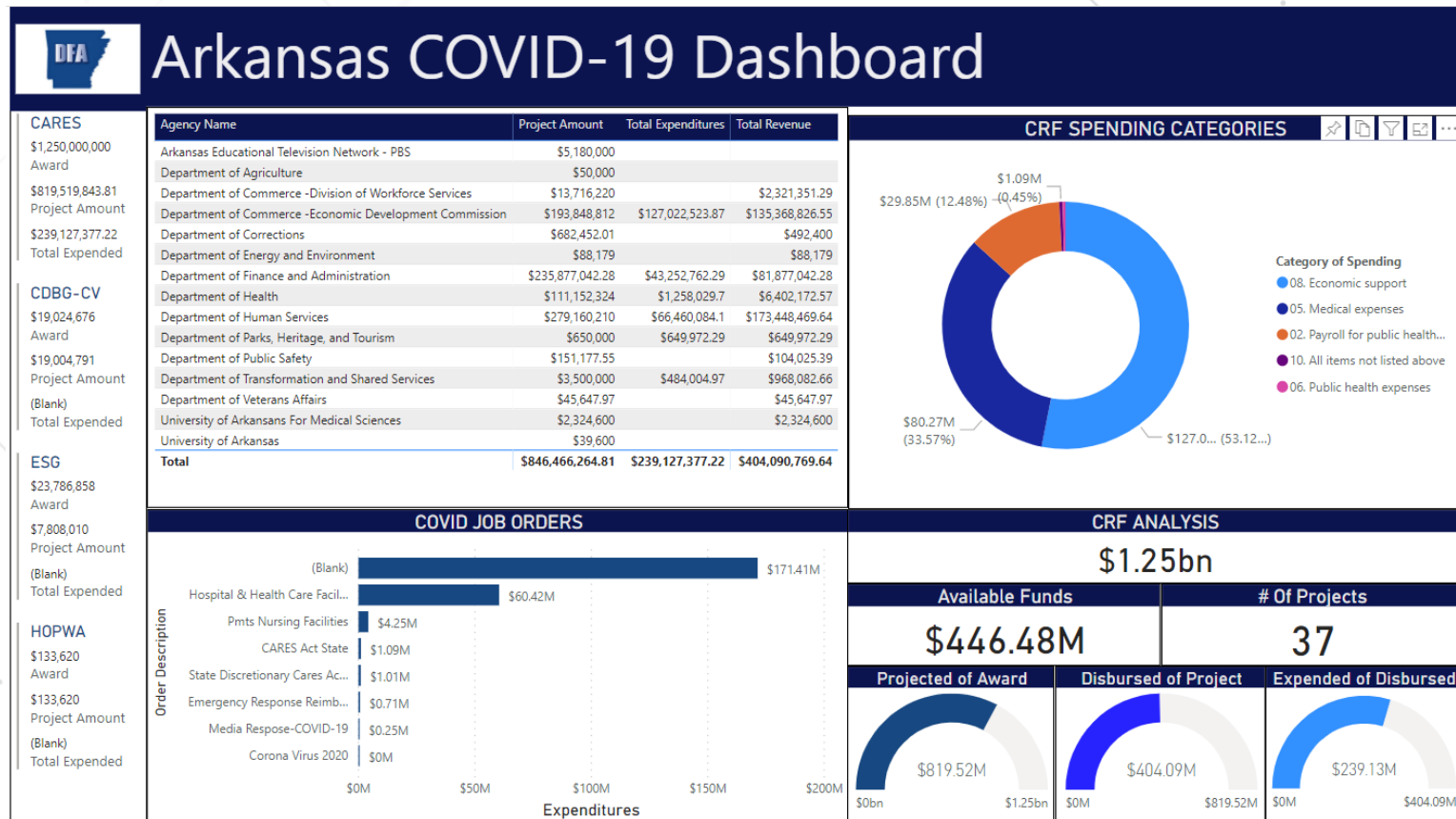
Category of Spending	Assignment Amount (tot)
<u>02. Payroll for public health and safety employees</u>	\$29,848,993.68
<u>05. Medical expenses</u>	\$80,269,276.01
<u>06. Public health expenses</u>	\$899,083.66
<u>08. Economic support</u>	\$127,022,523.87
<u>10. All items not listed above</u>	\$1,087,500.00
Totals (5 groups)	\$239,127,377.22

Grant Summary

	Grant Abbreviation	Grant Program	Grantor Agency	CFDA	Award	Project Amount	Available Funds	Total Expended	Total Fund Transfer
	CARES	Coronavirus Relief Fund	U.S. Department of Treasury: Health and Human Services		\$1,250,000,000.00	<u>\$928,662,361.81</u>	\$321,337,638.19	<u>\$239,127,377.22</u>	<u>\$408,435,581.52</u>
	FTA	Federal Transit Administration	U.S. Department of Transportation (DOT)	20.507	\$42,700,000.00		\$42,700,000.00		
	ESG	Emergency Solutions Grants	U.S. Department of Housing and Urban Development (HUD)		\$23,786,858.00	<u>\$7,808,010.00</u>	\$15,978,848.00		
	CDBG-CV	Community Development Block Grants	U.S. Department of Housing and Urban Development (HUD)		\$19,024,676.00	<u>\$19,004,791.00</u>	\$19,885.00		
	HOPWA	Housing Opportunities for Persons with AIDS	U.S. Department of Housing and Urban Development (HUD)		\$133,620.00	<u>\$133,620.00</u>	\$0.00		
	FEMA	Disaster Grants - Public Assistance (Presidentialy Declared Disasters)	U.S. Department of Homeland Security	97.036			\$0.00		
TOT				117.543	\$1,335,645,154.00	\$955,608,782.81	\$380,036,371.19	\$239,127,377.22	\$408,435,581.52

Reporting and Power BI Integration

Integration with Microsoft PowerBI to create custom dashboards that maintain reporting with real-time data updates.



Invoice and Document Alignment

The play button below shows that invoices and expenditures are tracked at the transaction level and uploaded with documentation.

My AppsArkansas Grant ManagerNew App

HomeUsersGrantorsAgenciesProjectsAccountsInvoicesExpendituresSpending AllocationsRevenueDocumentsNew Table

Invoices > Invoices HomeReports & ChartsNew style (beta)+ New InvoiceGrid EditEmailMoreCustomize this Page

FILTERS

Vendor Name

AMERICAN PAPER & TWINE CO
GLOBAL FUEL RECOVERY LLC
WW GRAINGER INC

PO

4501952344
4501953136
4501953368
4501954941
5003739266
(blank)

Invoice Number

1321
1352
3657363
3663254
3677945
3677946
3677967
3677968
3677969
9556963115

Search these invoices

10 Invoices

	Vendor Name	PO	Invoice Number	Source Document #	Additional Info	Invoice Date	Invoice Amount	Total Liquidated Amount
<input type="checkbox"/>	AMERICAN PAPER & TWINE CO		3677946	3443536/51394361	GR 5003752675	06-30-2020	\$653.78	\$653.78
<input type="checkbox"/>	AMERICAN PAPER & TWINE CO	4501954941	3677969	3443482/51394308	GR 5003752600	06-30-2020	\$1,123.79	\$1,123.79
<input type="checkbox"/>	AMERICAN PAPER & TWINE CO		3677945	3443481/51394301	GR 5003752671	06-30-2020	\$932.75	\$932.75
<input type="checkbox"/>	AMERICAN PAPER & TWINE CO		3677967	3443478/51394281	GR 5003752677	06-30-2020	\$11.24	\$11.24
<input type="checkbox"/>	AMERICAN PAPER & TWINE CO		3677968	3443445/51394273	GR 5003752679	06-30-2020	\$651.80	\$651.80
<input type="checkbox"/>	GLOBAL FUEL RECOVERY LLC	4501952344	1321	3443392/51394194	MIGO 5003752184	06-15-2020	\$231,882.88	\$230,885.88
<input type="checkbox"/>	GLOBAL FUEL RECOVERY LLC	4501952344	1352	3443247/51394042	MIGO 5003752259	06-19-2020	\$110,694.13	\$110,694.13
<input type="checkbox"/>	WW GRAINGER INC	4501953136	9556963115	3442688/51393460	GR 5003745968	06-10-2020	\$769.10	\$769.10
<input type="checkbox"/>	AMERICAN PAPER & TWINE CO	4501953368	3663254	3436279/51387059	GR 5003742988	06-12-2020	\$83,330.50	\$83,330.50
<input type="checkbox"/>	AMERICAN PAPER & TWINE CO	5003739266	3657363	431780/51382595	GR 5003739266	06-08-2020	\$53,955.00	\$53,955.00
TOT							\$484,004.97	\$483,007.97

AUDIT

Compliance Audit is required if county's total federal expenses > \$750K

TIP: If your county is paying for an Audit, arrange for the CARES ACT CRF funds to be audited the last part of December 2020 if it will be a major program. That way, the portion of the audit that covers the CARES Act can be paid from the CRF funds.

If funding is not spent in compliance, the funds must be paid back.

CARES Act Law controls over the Treasury Guidance Documents inconsistencies, broad framework, proceed with caution

Local auditors + OIG can audit subrecipients

Coronavirus Relief Fund (CRF)

NOT SLOW, METHODICAL

DEVIL IS IN THE DETAILS

Thank you.

**Thank you to CTEH/Hagerty for the
preparation of most of the materials.**